

JULY UPDATE

The opening days of the month revealed the details of the 'important offer' that ROK Unification Minister Chung Dong Young made to North Korean leader Kim Jong Il during his visit in late June, while the end saw the parties to the recently opened fourth round of six-party talks in Beijing wrestling to make progress to resolve the North Korean nuclear issue. In between these events, a flurry of official government, cultural, and business issues came up and were by and large favorable toward the increasing engagement of the two Koreas.

Lighting Up North Korea

Last month's visit to Pyongyang culminated in what was only referred to as an 'important offer,' and later labeled by U.S. Secretary of State Condoleezza Rice as a 'creative idea.' However, early in July, the ROK government released details of the offer: two gigawatts per year of electricity transmitted from South Korea to the North by way of high-voltage power lines across the DMZ. This would replace the KEDO light-water reactor (LWR) project in the North, which was suspended in late 2003, a measure taken after revelation of North Korea's clandestine uranium enrichment program back in October 2002, a breach of the 1994 Agreed Framework from which the KEDO project originated. This new offer would supply energy only upon North Korea's dismantlement of its nuclear program(s), but preliminary construction could begin as soon as a deal is struck. If the program began soon, it could be complete as early as 2008, doubling the North's electrical supply. This offer was said to play a significant role in bringing Pyongyang back to the six-party talks, but has been controversial in the South, with experts citing the dangers to the stability of the South's power grid, the ineffectiveness of the offer due to the degraded state of the North's power grid, the exorbitant cost, and the lack of a referendum to assess public approval.

Official Economic Talks

In other talks, the tenth round of inter-Korean economic talks ended on July 11, with the South agreeing to send 500,000 tons of rice, raw materials for shoes, clothing and soap, and provide technical assistance for the upgrading of mining facilities and railways in the North. The rice is to be given on loan at 1 percent interest per year over twenty years with a ten-year grace period. Trucks crossed the DMZ to begin delivering a total of 100,000 tons to Kaesong and Mt. Kumgang, while the remaining 400,000 tons will be shipped to North Korean ports in Nampo, Chongjin, and Wonsan. South Korean observers will examine distribution on both coasts after each 100,000 tons is delivered. Delivery will continue until the end of the year. In return, the DPRK has agreed to let South Korea have access to mineral deposits in the North, including coal, zinc, and magnesite. There was also an agreement to open an office in Kaesong in order to more efficiently channel investments to the DPRK.

Red Cross officials met on July 12-13 to finalize plans on 'video reunions' agreed upon at the end of June. The South has opened a direct civilian phone line with the North -- the first of its kind since the two countries were founded -- in order to help with preparations for these reunions.

Military

Inter-Korean military talks this month resulted in an agreement to set up a 24-hour 'red phone' hotline between the two countries' navies in order to prevent conflicts at sea. This is scheduled to be in operation by August 2005. Other military talks led to the resumption of the dismantlement of loudspeakers and other propaganda tools along both sides of the demilitarized zone.

Politics

South Korea's Uri Party held a two-day workshop at the Mt. Kumgang resort in the North. The workshop was held for the purposes of fiscal planning, and meeting-and-greeting of representatives from different regions of the South. It was the first time ever that a South Korean political party event has been held in North Korea.

Joint Research

Another first occurred this month in the form of a joint historical research survey. The Koguryo Research Foundation held a twelve-day survey of Koguryo relics together with the North Korean Academy of Social Sciences and the cultural heritage preservation office. The survey focused on tombs and structures from the Koguryo period in and around Pyongyang.

Tourism

The Hyundai Group, operators of the Mt. Kumgang tourist resort, reached a deal with Pyongyang to allow South Korean tourists to travel to North Korea's Mt. Baekdu and the city of Kaesong. Pilot projects for both sites are to begin next month. Fees and costs were not made public, but as South Koreans are currently able to climb Mt. Baekdu from the Chinese side, any Hyundai project would need to be competitive.

Travel to Pyongyang seemed especially popular this month. New York Times chief Arthur Sulberger, columnist Nicholas Kristof, U.S. Congressman Tom Lantos, a nine-member delegation of European lawmakers, and Xi Jinping (a member of the 16th Communist Party of China Central Committee), all made trips to the North Korean capital in July. Sulberger and

Kristof were in Pyongyang to discuss the DPRK nuclear issue with top government officials, and Kristof filmed a documentary mini-series (which is available online). European lawmakers were in town to meet with titular head of state Kim Yong Nam, President of the Supreme People's Assembly Presidium of the DPRK, and Foreign Minister Paek Nam Sun. This is the first official visit by a European Parliament delegation since a special Korean Peninsula committee was established in 2004. The delegation later traveled to Seoul, meeting with ROK Unification Minister Chung and other high-ranking officials.

WTO

An outcome of the EU parliamentary delegation's visit to Pyongyang was the revelation that North Korea has set its sights on acquiring observer status at the World Trade Organization (WTO). North Korea has been in contact with the WTO in order to glean technical advice on necessary steps to gain a seat. Many reforms would be necessary, but as the observer status was originally set up in order to enable Iraq to become a member, and the requirements are fairly vague, it could be possible for North Korea to join, which would be construed as a political signal of its desire to reform its moribund economy. Observers are allowed to participate in discussions, but do not have voting rights.

Flash Floods

Heavy rain that hit the North in the final days of June has reportedly killed 88 people, injured 205, and left 105 missing and over 3,000 families homeless after mudslides devastated the South Pyongan Province. Around 150 millimeters of rain fell in an hour, destroying homes in Dokchon City, and Bukchang and Maengsan counties. Local volunteers met immediate emergency needs, and the South Korean Red Cross has sent relief supplies focused on clothes

and daily necessities for about 3,000 families.

Sports

North and South Korean taekwondo athletes faced off for the first time in history at the International Taekwondo Federation World Championships held in Queensland, Australia. The federation is based in North Korea and this is the first time that a South Korean team has been invited.

Both the men's and women's North Korean national football (soccer) teams are in Seoul in order to prepare for the East Asia Football Championship at the beginning of August. Additionally, South Korean football officials are in Pyongyang to work out details of an inter-Korean football match planned as part of the Korean Independence Day joint celebrations.

Linguistics

A delegation of South Korean linguists visited Pyongyang to attend the first meeting of its kind in sixty years. The group of linguists met with their Northern counterparts to discuss a project for developing a joint dictionary and establishing a joint body. DPRK linguists have promised to make a reciprocal visit to Seoul.

Fishing

Maritime and fisheries authorities of South and North Korea wrapped up three days of inter-Korean consultations on marine cooperation on July 27, agreeing to work together to prevent

boats from a third country from fishing in Korean territorial waters in the West Sea (Yellow Sea). The two sides also agreed to set up a joint fishery zone in the North Korean waters in the West Sea, and perhaps set up the same in the East Sea sometime in the future. The range and the starting point for the joint fishery are to be discussed during the general-level military talks scheduled for August 10, 2005.

Linkages

The fifth round of working-level inter-Korean talks to reconnect inter-Korean roads and rails was held July 28-30 in Kaesong. Transportation officials from both sides agreed to start operating two pilot cross-border train links, scheduled to begin in late October 2005. Both Koreas also agreed to conduct joint inspections of two separate rail lines: inspections for the Gyeongui Line in the west (which connects Seoul with the North Korean city of Shinuiju) will take place August 18-20, while inspections for the Donghae line in the east have been scheduled for August 23-25. South Korea also agreed to provide additional equipment for the construction of railroad stations in the North.

Six-Party Talks

The fourth round of six-party talks -- the multilateral negotiations involving the two Koreas, the United States, China, Japan, and Russia which are aimed at persuading North Korea to give up its nuclear programs -- got off to an upbeat start. After over a year's hiatus, parties to the talks have returned to the negotiation table to try once and for all to hammer out a resolution to the nuclear issue, which resurfaced back in October 2002 when North Korea supposedly confirmed allegations made by then U.S. Assistant Secretary of State James Kelly in Pyongyang that the DPRK possessed an active program to enrich uranium, deemed a breach of the 1994 Agreed

Framework and a violation of North Korea's international obligation as a signatory to the Nuclear Non-proliferation Treaty.

Unlike the previous rounds, the United States has called for a change in format, saying that as long as progress is being made, talks will not end. Additionally, U.S. and DPRK envoys have held several face-to-face meetings during the talks, signaling the United States' divergence from its hard-line position of the past. Opening statements delivered on July 26 had Washington reiterate its recognition of North Korean sovereignty and its assurance that it does not intend to attack the North. Likewise, the DPRK representative sent a somewhat positive signal by stressing the importance of a denuclearized peninsula and trust-building measures between Washington and Pyongyang.

Quick results, however, are not to be expected. Progress has been disappointingly marginal, as the gap between opposing sides remains wide. North Korea has made it clear its reservations about South Korea's energy proposition -- a proposition supported by Washington -- stating that such an energy supply agreement would make the North too dependant on the South Korea for its energy. Along with the demand for normalization of U.S.-DPRK relations, the North also called for a peace treaty to replace the Korean War armistice and removal of the nuclear threat from U.S. troops in South Korea. Washington and Seoul contended that there are no nuclear weapons in South Korea, and there have been talks of opening up bases for North Korean inspections. If, however, the North means the U.S. nuclear umbrella including forces in Japan, Guam, and submarines operating in the area, the odds of reaching an agreement are remote.

Complicating matters further, Japan insisted that in order to supply development aid to North Korea, relations must be normalized, and that requires not only resolution of the nuclear issue but also of the issue of abduction of Japanese citizens by North Korean agents. South and North Korea have criticized Japan for bringing up this latter issue, stating that the six-party talks should focus on the nuclear issue. Japan, however, sees the two as intertwined, needing both

resolved before Tokyo can reach any agreement with Pyongyang.

Nonetheless, participants to the talks are trying to come up with an agreement on a joint statement of principles that was drafted by China. Among other things, however, the suspended LWR project has emerged as a sticking point to the agreement. Both Seoul and Washington are apparently opposing a demand from Pyongyang that the currently suspended LWR project be resumed in exchange for the DPRK abandoning its nuclear arms programs. This makes matters even more problematic for Seoul, as the ROK offer to supply electricity to the DPRK was premised on the LWR project being scrapped. It is unclear, however, whether South Korea, the United States, China, Japan, and Russia plan to insist on a total ban on civilian nuclear power in the DPRK. Considering the disparity, discussion of concrete steps for the North to dismantle its nuclear program has reportedly been deferred until working-group talks in September.